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11 Miami banks ordered to open files in probe of contra spending

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WASHINGTON — A House subcommittee Thursday voted unanimously to subpoena U.S. bank records of suppliers and brokers for Nicaraguan contra rebels as part of its investigation into possible misuse of \$27 million in humanitarian aid approved by Congress last year for the insurgents. Eleven of the 13 banks involved are in Miami.

The 9-0 vote in the Democratic-controlled Western Hemisphere affairs subcommittee was the first specific congressional action taken against President Reagan's contra aid program since allegations of misconduct and criminal activity began surfacing in December.

The action came at the end of an hour-long hearing on a new General Accounting Office audit of the \$27 million aid program.

The subcommittee, headed by Michael Barnes, D-Md., approved a motion to issue 16 subpoenas to 13 banks to produce the records of 16 suppliers and brokers that do business with the contras and the Nicaraguan Humanitarian Assistance Office (NHAO), the State Department agency that disburses the funds. The two banks outside

South Florida are in Washington, D.C., and Chicago.

Ranking Republican subcommittee member Rep. Robert Lagomarsino of California said the Republicans on the panel voted with the Democrats in favor of the subpoenas "precisely because we have been assured by the administration that the records the subcommittee seeks will not show any wrongdoing. Everything has been on the up and up."

"They can subpoena whatever records they want," said a State Department spokesman. "We are confident they won't find any irregularities and any inadequacies they find will be the inadequacies that Congress wrote into the program. This is really just part of an effort to discredit the Nicaraguan opposition."

Bosco Matamoros, a spokesman for the contras, said they "welcome this inquiry. We hope that if they have any questions, that these will be answered."

The subcommittee refused to release the list of subpoena targets, but administration officials, congressional sources and a Herald article published Sunday named several of the Miami banks where contra supply brokers keep accounts. It is into those accounts that the NHAO deposits federal funds to pay for most of the goods and services the contras acquire in Honduras, where they maintain bases.

Miami banks cited in the Herald article and confirmed by administration and congressional sources include the Popular Bank of Florida at 1401 Brickell Ave., Citizens and Southern International Bank at 1101 Brickell Ave., Consolidated Bank and Republic National Bank.

Congressional sources said they are among the banks that will receive subpoenas to produce their records for review.

Barnes' subcommittee wants the bank records because NHAO told the GAO several weeks ago that it did not have the documents. This week, however, NHAO reportedly told the panel that brokers and suppliers refused to turn over their records.

Frank Conahan, director of the national security and international affairs division of GAO, told the Barnes panel Thursday that the records are essential to complete the agency's audit.

Conahan testified that of \$21.1 million disbursed by NHAO as of April 25, about \$13.3 million had gone through the accounts and that NHAO is still unable to confirm the end use of the money because there is no auditing trail after the deposits are made.

Conahan said the State Department informed GAO that intelligence sources have assured NHAO that the funds are not being misspent.

However, Conahan said that when GAO asked to see the intelligence verification reports, the auditing agency was denied access to them.

Banks Included In Contra Probe

Among the banks that will receive subpoenas to produce their records for review of contra spending, according to congressional sources, are:

Popular Bank of Florida,
1401 Brickell Ave.
Citizens and Southern International Bank,
1101 Brickell Ave.
Consolidated Bank.
Republic National Bank.

"I believe that these documents [the bank records] will prove one of two things," Barnes said. "Either the GAO was wrong, and the funds can be traced through the accounting mechanisms that the NHAO office created, or the GAO was right, the law has been violated, and we do not know what happened to over \$13 million of the taxpayers' money."